

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE FILING BY PACIFI-)	CASE NO. PAC-E-03-02
CORP DBA UTAH POWER & LIGHT)	
COMPANY OF ITS 2003 ELECTRIC)	NOTICE OF FILING
INTEGRATED RESOURCE PLAN (IRP).)	
)	NOTICE OF COMMENT
)	DEADLINE

YOU ARE HEREBY NOTIFIED that on January 27, 2003, PacifiCorp dba Utah Power & Light Company (PacifiCorp; Company) filed its 2003 Integrated Resource Plan (IRP) with the Idaho Public Utilities Commission (Commission). The Company's filing is pursuant to a biennial requirement established in Commission Order No. 22299, Case No. U-1500-165. PacifiCorp states that its IRP provides a framework and plan for the prudent future actions required to ensure PacifiCorp continues to provide reliable and least-cost electric service to its customers. The final IRP, it states, culminates a year-long collaboration with considerable public involvement from customer interest groups, regulatory staff, regulators and other stakeholders.

PacifiCorp serves approximately 1.5 million retail customers in service territories comprising about 135,000 square miles in portions of six western states: Utah, Oregon, Wyoming, Washington, Idaho and California. This service territory has diverse regional economies ranging from rural, agricultural and mining areas to urban, manufacturing and government service centers.

PacifiCorp forecasts average annual load on its system to grow by 2.2% in the east and 2.0% in the west. Given uncertainties of economic growth and other factors, this growth in PacifiCorp's load, the Company states, could vary by 1.4% and 3.4%. At the same time, PacifiCorp notes, the resources available to the Company to serve this demand will diminish over time as supply contracts expire, hydro electric generation facilities are subjected to relicensing conditions and thermal plants comply with more stringent emissions requirements.

The Company's IRP was developed against the backdrop of continuing market, regulatory and structural changes in the electric industry. These changes, the Company states, highlight the importance of understanding the risks and uncertainties inherent in resource

planning. The IRP reveals that PacifiCorp has substantial new resource needs and will require an additional 4,000 MW of new resources (DSM, generation, and supply contracts) through 2013. Load growth, load shape growth, asset retirement and contract expirations cause the gap between demand and supply to grow over time.

Other key findings in the IRP include:

- The strongest resource strategy relies on a diverse portfolio of options, including strong components of renewables and demand-side management, but also natural gas- and coal-fired generating resources. A resource procurement process to pursue this diversified approach is described in the Action Plan.
- Possible paradigm shifts in the electric industry driven by federal regulatory requirements are significant uncertainties for PacifiCorp and its customers to manage in the next several years. These issues include (potentially favorable) changes in transmission operations, as well as the potential increased cost associated with PacifiCorp's existing resource assets, including complying with air emission standards and relicensing hydro electric facilities.
- Renewable resources are a good fit for PacifiCorp within the context of a diversified portfolio. The IRP proposes procuring renewable resources (primarily wind, and possibly geothermal) at a level shown to be cost effective, given the assumptions used to evaluate the resource. The amount of renewables is also a level that would meet or exceed renewable portfolio standards that have been proposed in federal and state legislation.
- Demand-side management (DSM) will continue to be an important and cost-effective program for PacifiCorp. A significant increase in

programmatic measures is proposed, including a load control program to help mitigate growing capacity requirements.

- In addition to renewable resources and DSM, the study concludes that additional resources from thermal generation will also be required. The least-cost option is a combination of three natural gas-fired units and one coal unit to meet both growing energy and capacity requirements.
- The least-cost portfolio includes a coal baseload thermal unit in the east. Coal-fired generation may be particularly advantageous when procuring resources in the Rocky Mountains, the Company states, because coal is an abundant indigenous resource there. However, the long-term impact of atmospheric emissions is casting doubt on the viability of coal-fired generation. The IRP least-cost portfolio is dependent upon the impact of a number of these paradigm risks, including air emission standards and possible global warming measures. PacifiCorp believes it has adequately addressed these risks, based on its current understanding of them, and coal plants remain a low-cost option. The IRP action plan includes further work to develop and test the viability of a coal baseload thermal unit, including an ongoing assessment of the risks.

The Company's IRP proposes a significant procurement of new resources. The strategy outlined in the IRP includes the addition of about 4,000 MW of new capacity over the first 10 years of the 20-year IRP. The least-cost, risk-adjusted approach proposed is a diverse portfolio of resources, including renewables, DSM and thermal baseload and peaking units. These additions include the following portfolio additions during the planning period:

- 1400 MW of renewable resources
- 450 MWa of DSM and 90 MW of direct load control
- 2100 MW of baseload capacity
- 1200 MW of peaking capacity

- 700 MW shaped resource contracts

The Action Plan details findings of resource need and specific implementation actions. The plan also outlines step-by-step decision processes by which proposed resources will be continually evaluated and procured. Going forward, PacifiCorp will implement the Action Plan, while also maintaining the flexibility to adjust to future changes and opportunities. The Action Plan will be revisited and refreshed no less frequently than annually.

For analytic purposes, the IRP assumes new resources are developed and owned by PacifiCorp. However, no decision has been made to invest in specific resources. The decision to own, build and invest in a new resource versus contracting with a third party would be made as part of the procurement process for each new resource addition, and on a case-by-case basis. A multi-state process (MSP) (Case No. PAC-E-02-3) is expected to provide clarity on the regulatory treatment on investment decisions and the degree of cost recovery risk held by PacifiCorp. The Company anticipates that the MSP will issue findings in the spring of 2003. The MSP outcome will influence the activities and operations of PacifiCorp and may impact action plan implementation. The Company states that a significant procurement program and potential investment is required to maintain reliable electric service. It is critically important, the Company contends, that state regulators support this IRP and issue their acknowledgement of the Action Plan. This support coupled with a useful and durable MSP outcome, the Company states, is vital to PacifiCorp being able to resolve issues around recovery lag and achieve allowed rates of return, and is critical in ensuring PacifiCorp can continue to provide least-cost, reliable electric service to its customers.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the Company's filing in Case No. PAC-E-03-02 and finds it reasonable to establish the following schedule for comment on the 2003 Integrated Resource Plan:

Wednesday, March 26, 2003

Deadline for filing written comments

All comments should contain the case caption and case number shown on the first page of this document.

Written comments concerning this Application and the Company's filing should be mailed to the Commission and the Company at the addresses reflected below:

COMMISSION SECRETARY
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074

Street Address for Express Mail:

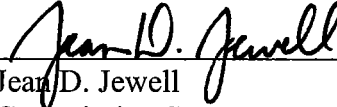
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Persons desiring to submit comments by e-mail may do so by accessing the Commission's home page located at www.puc.state.id.us under the heading "Contact Us." Once at the "Contact Us" page, select "e-mail case comments or questions," fill in the case number as it appears on the front of this document, and enter your comments. These comments must also be sent to the Applicant at the e-mail address listed above.

YOU ARE FURTHER NOTIFIED that the Application and submitted documents are available for public inspection during regular business hours at the Commission's office and at the Idaho offices of PacifiCorp. The Company's 2003 IRP is also available at the Commission's website at www.puc.state.id.us under the "file room" icon.

DATED at Boise, Idaho this *12th* day of February 2003.



Jean D. Jewell
Commission Secretary

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